

**FY 2008**  
**DISADVANTAGED BUSINESS ENTERPRISE PROGRAM METHODOLOGY**  
for



**LYNCHBURG REGIONAL AIRPORT**  
LYNCHBURG, VIRGINIA

With Assistance From



Ken Weeden & Associates, Inc.

October 2007

**METHODOLOGY for Establishing the FY 2008 Overall Disadvantaged Business Enterprise (DBE)  
Goal for:**

*Lynchburg Regional Airport, Lynchburg, Virginia (49 CFR Part 26)*

*October 2007*

*In fulfillment of the requirements of 49 CFR Part 26, the City of Lynchburg has developed a proposed Overall Goal for FY 2008 FAA-AIP projects at the Airport. The methodology used in establishing this goal is described herein.*

**I. Goal Methodology: Detailed Application, Step One—DBE Base Figure**

**A. Amount of Goal**

The Lynchburg Regional Airport's overall goal for FY 2008 is the following: **3.9%** of the Federal financial assistance the City will expend in USDOT-assisted contracts.

Given the amount of USDOT-assisted contracts that the City of Lynchburg expects to let during this fiscal year for the Lynchburg Regional Airport, which is **\$1,400,000**, this means that the City has set a goal of expending **\$54,600** with DBEs during this fiscal year.

**B. Determination of the Market Area**

Based on discussions with the Consulting Engineers, and reviewing recent project types bid at the Airport, the market area for the Lynchburg Regional Airport is based on the area from where the substantial majority of bidders has come, and upon where the substantial majority of contracting dollars have been spent over a 4-year period (see Table 1). For construction, the market area is listed below.

**Table 1: Local Market Area for Lynchburg Regional Airport**

Counties from where Bidders came	Percentage of Bidders	Percentage of contracting dollars
Lynchburg/Campbell County VA	25%	62%
Richmond City VA	50%	10%
Other	25%	28%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

The airport is planning to purchase an aircraft rescue & fire-fighting (ARFF) vehicle, for which the market area is nationwide, due to the fact that there are a very small number of manufacturers of ARFF vehicles.

**C. Determination of relevant NAICS codes**

**Lynchburg Regional Airport—FY 2008 Estimated Projects**

Based on information provided by the consulting engineer and the airport staff concerning the proposed projects for this fiscal year, a list of NAICS codes corresponding to these projects was developed and is shown below:

**Table 2: Proposed FY 2008 Projects—Lynchburg Regional Airport**

PROJECT	ACTIVITY	NAICS CODES
Construct ARFF building	General construction	236220
	Electrical	238210
	Ceiling	238310
	Flooring	238330
Purchase ARFF vehicle	Special purpose vehicle	336211

SOURCE: Delta Airport Consultants

**D. Determination of Relative Availability Of DBEs In Market Area, Compared to all Firms**

**Table 3: All Firms and DBEs—Lynchburg Regional Airport, by Relevant NAICS Codes for FY 2008 Projects**

NAICS CODES	DBE Firms	All Firms	Percentage of DBE Firms Available	Ratio of estimated total expended	Weighted Total Availability
236220, 238210, 238310, 238330	11	188	5.9%	0.57	3.3%
336211	0	3	0.0%	0.43	0.0%
<b>WEIGHTED STEP 1 DBE BASE FIGURE =</b>					<b>3.3%</b>

**SOURCES:**

1. 2005 County Business Patterns, US Census Bureau, May 2007.
2. Virginia Department of Minority Business Enterprise UCP Directory, October 2007.
3. US Small Business Administration Dynamic Small Business Search® database ([http://dsbs.sba.gov/dsbs/dsp\\_dsbs.cfm](http://dsbs.sba.gov/dsbs/dsp_dsbs.cfm))

**E. Determination of the “Weighted” DBE Base Figure**

The Step 1 DBE Base Figure was derived by using a weighting process by which the percentage of dollars spent on various activities (represented by NAICS codes) were multiplied by the percentage of relevant DBE firms to all relevant firms as indicated in Table 3 above.

**The Step 1 DBE Base Figure for the Lynchburg Regional Airport is 3.3%.**

## II. Step 2: Adjustment to the DBE Base Figure

After the Step 1 DBE Base Figure has been developed, the regulations (49 CFR Part 26) require that:

*"...additional evidence in the sponsor's jurisdiction be considered to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal" (26:45(d)).*

### A. Adjustment factors to Consider

The regulations further state that there are many types of evidence that must be considered when adjusting the base figure. These include:

*(i) The current capacity of DBEs to perform work in your DOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years.*

The historical overall DBE goals accomplished at the Airport in recent years were examined relative to the above consideration. Specifically, the annual Uniform Report of DBE Awards/Commitments and Payments for the reporting periods listed below was assessed. Notice the annual DBE percent accomplishment for each year (data were available for the three (3) periods indicated below):

**Table 4: Lynchburg Regional Airport DBE Accomplishment  
as indicated by DBE Data Reporting Form: 2001 –2004**

Report Period	Approved DBE Goal	Total DBE Percent achieved	Achieved over/under
FY 2001	8.5%	4.4%	-4.1%
FY 2003	10.4%	11.0%	0.6%
FY 2004	7.7%	0.4%	-7.3%
MEDIAN	8.5%	4.4%	-4.1%

*Source: Airport Staff and Delta Airport Consultants; compiled by Ken Weeden & Associates, Inc.*

The median annual accomplished DBE goal for the reporting periods as shown above for the Airport is 4.4% compared to the Step 1 Base Figure of 3.3% derived using the methodology detailed above.

### B. Consultations

#### 1. Evidence from Disparity Studies

The Commonwealth of Virginia Department of Minority Business Enterprise conducted a disparity study related to procurement of construction, architecture

and engineering services, professional services, other services and goods and supplies. The study covered state procurements over a five-year period from 1997 to 2002. According to the study, utilization of minority firms was low relative to conservative estimates of minority business availability, and relative to utilization by other states and public agencies. The study had good statistical analysis for the Commonwealth of Virginia. However, there is no quantifiable data, relative to Lynchburg's market area, to use to adjust the DBE base figure, and is therefore not included in the analysis.

**2. Statistical disparities regarding access to credit, insurance, bonding, etc.**

The Virginia Department of Minority Business Enterprise was contacted to inquire about disparity information regarding access to capital, insurance, bonding, etc., but there was no information available.

The Virginia Department of Minority Business Enterprise has a program called P.A.C.E. (Providing Access to Capital for Entrepreneurs). The purpose of P.A.C.E. is to offer loans to economically disadvantaged businesses that otherwise have not been able to secure capital via commercial financial institutions.

**3. Data on employment, self-employment, education, training and union apprenticeship programs**

Central Virginia Community College (CVCC) in Lynchburg VA has a Center for Workplace Development & Continuing Education program that is designed to provide training for local businesses in the area. As well, a Virginia Contractor Licensing Training program is offered at the community college. A staff member with the CVCC stated that there was no knowledge of data referring to barriers of discrimination with regard to DBEs participating in local projects, or with regard to access to bonding, credit, and insurance.

The VDMBE did not have any statistical or anecdotal evidence of barriers of discrimination for the Airport's market area. The VDMBE acknowledged that no complaints had been received from businesses in the market area. The VDMBE also offered that, in the absence of a DBE program, the amount of DBE participation among established DBEs may not decrease, but there would more than likely be a decrease in the participation of projects by lesser-established DBE firms.

**C. Adjustment to Step 1 Base Figure: Lynchburg Regional Airport**

With the adjustment factors considered to this point, the City will adjust the Step 1 base figure of 3.3%, by adding the median annual accomplishment factor derived in

section 2, above (4.4%) to the base figure = (7.7%) and averaging the total, for an adjusted overall goal of **3.9%** (3.85% rounded up to the nearest tenth).

### **III. Process**

The City of Lynchburg normally submits its overall goal to the FAA on or before August 1 of each year.

Before establishing the overall goal this year, the City consulted with the Virginia Department of Transportation, the Virginia Department of Minority Business Enterprise, Central Virginia Community College, and other community groups to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the City's efforts to establish a level playing field for the participation of DBEs.

Following this consultation, the City published a notice of the proposed overall goal, informing the public that the proposed goal and its rationale were available for inspection during normal business hours at the Airport's administrative office for 30 days following the date of the notice, and informing the public that the City of Lynchburg would accept comments on the goals for 45 days from the date of the notice. The notice was published in the Lynchburg News & Advance. The notice included addresses (including offices) to which comments could be sent and addresses where the proposal could be reviewed.

The City's overall goal submission to the FAA will include a summary of information and comments received during this public participation process and our responses.

The City will begin using the overall goal on October 1 of each year, unless the City has received other instructions from DOT/FAA (or, if the goal is established on a project basis) by the time of the first solicitation for a DOT/FAA-assisted contract for the projects.

### **IV. Breakout of Estimated Race-Neutral and Race-Conscious Participation**

The City will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. The City will use a combination of the following race-neutral means to increase DBE participation:

1. *Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE, and other small businesses participation (e.g., unbundling large contracts to make them more accessible to small businesses, encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces);*
2. *Disseminating information communications on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs, and other small businesses, on recipient*

*mailing lists for bidders, ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors).*

3. *Ensuring that prime contractors are aware of and know how to obtain the approved DBE listing from the Virginia Department of Minority Business Enterprise.*

The City estimates that, in meeting its overall goal of 3.9%, that it will obtain 0.0% from race-neutral participation and 3.9% through race-conscious measures. The reason for this projected split is that the historical information on DBE participation showed that the median annual DBE accomplishment on the FAA-AIP projects funded in previous years was below the established annual goal. The median annual DBE participation was **4.4%**, while the median overall goal was **8.5%**. This *under-subscription* of the goal indicates that the City needs to focus on achieving its entire overall goal (**3.9%**) through race-conscious means.

The City will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (26.51(f)) and it will track and report race-neutral and race-conscious participation separately. For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to, the following: DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures; DBE participation through a subcontract on a prime contract that does not carry a DBE goal; DBE participation on a prime contract exceeding a contract goal; and DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

## **V. Contract Goals**

The City will use contract goals to meet any portion of the overall goal that it does not project being able to meet using race-neutral means. Contract goals are established so that, over the period to which the overall goal applies, they will cumulatively result in meeting any portion of the overall goal that is not projected to be met through the use of race-neutral means.

The City will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. The City needs not establish a contract goal on every such contract, and the size of contract goals will be adapted to the circumstances of each such contract (e.g., type and location of work, availability of DBEs to perform the particular type of work).

The City will express its contract goals as a percentage of the Federal share of a DOT-assisted contract.

**Resources:**      **Lynchburg Regional Airport FY 2008**  
                         **Disadvantaged Business Enterprise Program Methodology**

**A. Resource Documents:**

1. 2004 County Business Patterns, U.S. Census Bureau, May 2007.
2. Uniform Report of DBE Awards or Commitments and Payments.
3. Virginia Department of Minority Business Enterprise UCP Directory, October 2007.

**B. Persons, and/or Agencies Contacted:**

1. Central Virginia Community College.
2. Willie Miles, Virginia Department of Minority Business Enterprise.